



17 April 2018

Greetings,

2018 First Quarter Communication

We would like to provide an update to our situation under the Companies' Creditors Arrangement Act (CCAA) and the current environmental assessment, monitoring and remediation activities that are ongoing in the Hounsfield Heights-Briar Hill Community (HH-BH).

CCAA Proceedings

The liquidation of our retail business and operations was completed in January 2018 and all our retail facilities are closed. We are now in the process of selling our remaining assets, principally our owned real estate. The timing of completion of these sales remains unclear although we expect it will occur over the next few months. Our principal concern, and that of our court-appointed Monitor (FTI Consulting Canada), continues to be to maximize the recovery for our creditors, including employees and retirees. The Monitor oversees our remaining operations, including approving all our expenditures. We remain under court-ordered protection from our creditors.

Environmental Update

When we last communicated with you in December 2017, we indicated that, because we were in the process of liquidating our business, we would not be able to make any commitments for future environmental work. Nevertheless, we continued to operate the Dual Phase Vapour Extraction (DPVE) system.

In late February, Alberta Environment and Parks (AEP) issued an environmental protection order against us and Concord North Hill GP Ltd., the owner of the former Sears department store in the North Hill Centre. The order essentially requires both of us to comply with the existing Remedial Action Plan (RAP) previously approved by AEP. In particular, the order required us to recommence the semi-annual soil vapour monitoring program, including additional sampling, as well as the groundwater sampling and monitoring program. The order also requires us and Concord to submit a written plan to the Director by mid-December for the remediation of hydrocarbon residuals and benzene within the area of the Community.

As for the environmental work, we continue to engage Clifton, our long-standing environmental consultants, and they have recommenced both our soil vapour and groundwater monitoring and sampling programs. As previously communicated, the soil vapour monitoring program was implemented as an additional means of assessing risk to human health within the Community while the groundwater monitoring and sampling will provide necessary information to implement remediation strategies. We expect the soil vapour monitoring and groundwater sampling to be completed in April and will

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communicate those results to stakeholders following completion. The previous sampling indicated that there was no risk to human health from soil vapours.

The DPVE was taken offline in order to complete required repairs and to permit additional sampling. Prior to this, the DPVE was shut down for maintenance and repairs. The plan is to recommence operation of the DPVE once the sampling is completed, as long as it continues to extract petroleum hydrocarbons, which it has been doing as a part of the RAP.

We intend to continue to communicate quarterly to residents, by way of written update posted on the HH-BH website, and more frequently should significant new developments arise. Sears and Clifton appreciate the opportunity to provide this update to the residents of the HH-BH Community. If you have any questions or concerns, please feel free to contact one of the Sears or Clifton representatives listed below.

Yours sincerely,

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